

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 03985 01 OF 02 271454Z
ACTION TRSE-00

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00
IO-13 H-01 L-03 PA-01 SP-02 ICA-11 AID-05 EB-08
NSC-05 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 AGRE-00 HA-05 /154 W
-----070486 271524Z /47

P 271437Z APR 78

FM AMEMBASSY VIENNA
TO SECSTATE WASHDC PRIORITY 6169
INFO AMEMBASSY ABIDJAN
AMEMBASSY BANGKOK
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY COPENHAGEN
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY HELSINKI
AMCONSUL HONG KONG
AMEMBASSY KUALA LUMPUR
AMEMBASSY KATHMANDU
AMEMBASSY JAKARTA
AMEMBASSY LONDON
AMEMBASSY MEXICO
AMEMBASSY MANILA
AMEMBASSY ISLAMABAD
AMEMBASSY NEW DELHI
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PORT MORESBY
AMEMBASSY RANGOON
AMEMBASSY ROME
AMEMBASSY SEOUL
AMEMBASSY SINGAPORE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 03985 01 OF 02 271454Z

AMEMBASSY SUVA
AMEMBASSY STOCKHOLM
AMEMBASSY LIBREVILLE
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY VIENTIANE

AMEMBASSY WELLINGTON
AMEMBASSY TAIPEI

C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 03985

BRUSSELS ALSO FOR USEC
PARIS ALSO FOR USOECD
MANILA ALSO FOR USADB
DEPARTMENT PASS TREASURY
ABIDJAN FOR HENNESSY
LIBREVILLE FOR ASSISTANT SECRETARY BERGSTEN
MEXICO FOR USDEL TO MEETINGS OF INTERIM AND DEVELOPMENT
COMMITTEES

E.O. 11652: GDS
TAGS: EGEN, EAID, IN, ADB
SUBJECT: ASIAN DEVELOPMENT BANK ANNUAL MEETING

REF: (A) VIENNA 3789 (B) VIENNA 3969 (C)VIENNA 3968

1. THE ELEVENTH ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK HELD IN VIENNA APRIL 24-26 WAS CHARACTERIZED BY A SPIRIT OF HARMONY AND GENERAL SUPPORT FOR THE BANK BY DONORS AND RECIPIENTS ALIKE. THE SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS ON THE ASIAN DEVELOPMENT FUND REPLENISHMENT CONTRIBUTED SIGNIFICANTLY TO THIS SPIRIT. (REFTEL CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENNA 03985 01 OF 02 271454Z

A AND B). THE MEETING WAS DEVOTED LARGELY TO CONSTRUCTIVE EXAMINATION OF EXISTING BANK POLICIES AND SUGGESTIONS FOR MARGINAL CHANGES IN THEM. ASSISTANT SECRETARY BERGSTEN'S SPEECH WAS VERY WELL RECEIVED AND THERE WERE MANY FAVORABLE COMMENTS ABOUT THE UNITED STATES' ACTIVE AND CONSTRUCTIVE PARTICIPATION IN THE MEETING. THE JAPANESE DELEGATION TOLD BERGSTEN THEY NOW FELT THE U.S. WAS FULLY BEHIND THE ADB, WHEREAS THEY HAD HAD SOME DOUBTS BEFORE.

2. A NUMBER OF THE GOVERNORS' SPEECHES CONTAINED SUGGESTIONS FOR MODIFICATION OF THE BANK'S OPERATIONAL POLICIES. AMONG THE RECURRING THEMES WERE CALLS FOR MORE LOCAL COST FINANCING, GREATER USE OF DEVELOPING COUNTRY CONSULTANCY SERVICES, AN INCREASED FOCUS ON APPROPRIATE TECHNOLOGY, AND A GREATER SOCIAL ORIENTATION FOR THE BANK'S LENDING. THE BANK'S RECENTLY ANNOUNCED PROGRAM LENDING SCHEME WAS WIDELY APPLAUDED ALTHOUGH SOME COUNTRIES CRITICIZED IT AS UNDULY RESTRICTIVE. THE BANK'S INCREASED ATTENTION TO THE AGRICULTURAL AND RURAL DEVELOPMENT SECTORS WAS WIDELY PRAISED. A NUMBER OF DONOR COUNTRIES ALSO CALLED FOR THE RESUMPTION OF CONCESSIONAL LENDING TO THE marginally ELIGIBLE COUNTRIES OF INDONESIA, THAILAND AND THE PHILIP-

PINES.

3. APART FROM ITS INCLUSION IN BERGSTEN'S ADDRESS, THE
ISSUE OF HUMAN RIGHTS DID NOT ARISE IN THE PROCEEDINGS OF
THE MEETINGS. HOWEVER, IN AN APPARENT EFFORT TO ALLAY
CONCERNS ABOUT THE PHILIPPINES HUMAN RIGHTS AND POLITICAL
SITUATIONS, THE PHILIPPINES ADB GOVERNOR MENTIONED
BRIEFLY HIS GOVERNMENT'S INTENTION TO MOVE TOWARD A MORE
PARLIAMENTARY, LESS POLITICAL SYSTEM. HUMAN RIGHTS WERE
ADDRESSED IN SEVERAL BILATERALS -- SEE REFTEL C.

4. THE CONTROVERSIAL QUESTION OF THE ADB'S RELATIONSHIP

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 VIENNA 03985 02 OF 02 271502Z

ACTION TRSE-00

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00
IO-13 H-01 L-03 PA-01 SP-02 ICA-11 AID-05 EB-08
NSC-05 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 AGRE-00 HA-05 /154 W
-----070534 271524Z /47

P R 271437Z APR 78

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 6170

INFO AMEMBASSY ABIDJAN

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY HELSINKI

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY KATHMANDU

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY MANILA

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA
AMEMBASSY PORT MORESBY
AMEMBASSY RANGOON
AMEMBASSY ROME
AMEMBASSY SEOUL
AMEMBASSY SINGAPORE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 03985 02 OF 02 271502Z

AMEMBASSY SUVA
AMEMBASSY STOCKHOLM
AMEMBASSY LIBREVILLE
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY VIENTIANE
AMEMBASSY WELLINGTON
AMEMBASSY TAIPEI

C O N F I D E N T I A L SECTION 02 OF 02 VIENNA 03985

WITH VIETNAM PROVED TO BE LESS TROUBLESOME FOR THE U.S. THAN WAS EXPECTED. IT WAS MENTIONED ONLY A FEW TIMES DURING THE FORMAL SESSIONS OF THE MEETING. THE FRENCH GOVERNOR EXPRESSED REGRET THAT VIETNAM AND LAOS HAD NOT RECEIVED LOANS FROM THE ADB IN 1977 AND NOTED ESPECIALLY THE BANK'S FAILURE TO REACTIVATE THE SUSPENDED LOANS MADE TO THE FORMER VIETNAMESE GOVERNMENT. THE SWEDISH GOVERNOR REMINDED HIS COLLEAGUES OF HIS COUNTRY'S PREVIOUS CALLS FOR SUPPORT BY THE ADB FOR VIETNAM'S DEVELOPMENT. HE ACKNOWLEDGED THE EFFORTS UNDERWAY IN THE BANK TO REACTIVATE SUSPENDED PROJECTS AND PREPARE NEW ONES FOR VIETNAM AND LAOS. THE VIETNAMESE GOVERNOR ARGUED THAT THE TECHNICAL REASONS GIVEN BY THE BANK FOR ITS FAILURE TO RESUME DISBURSEMENTS ON THE SUSPENDED LOANS COULD BE OVERCOME WITH A QUOTE MEASURE OF GOOD WILL UNQUOTE. HE ADDED THAT THE BANK SLOWNESS IN RESUMING THESE DISBURSEMENTS PROMPTED VIETNAM TO DOUBT THIS GOODWILL EXISTED.

5. IN A BILATERAL MEETING WITH ASSISTANT SECRETARY BERGSTEN ADB PRESIDENT YOSHIDA OBSERVED THAT THE PRESSURE FROM OTHER GOVERNMENTS FOR REACTIVATION OF THE SUSPENDED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENNA 03985 02 OF 02 271502Z

LOANS TO VIETNAM CONTINUED TO MOUNT. HE NOTED THAT AT U.S. URGING HE HAD RESISTED IT FOR OVER A YEAR. YOSHIDA ADDED THAT, ALTHOUGH VIETNAM SHOULD RECEIVE NO SPECIAL

TREATMENT ONCE IT HAS MET ITS OBLIGATIONS (IT IS CURRENTLY \$60,000 IN ARREARS) IT WOULD HAVE TO BE TREATED LIKE ANY OTHER ADB MEMBER. BERGSTEN NOTED THAT THE ISSUE REMAINS VERY SENSITIVE IN THE U.S. AND COULD AFFECT THE LEVEL OF CONGRESSIONAL SUPPORT FOR U.S. PARTICIPATION IN THE IFIS.

6. THE JAPANESE AND AUSTRALIANS RAISED THE ISSUE IN BILATERAL MEETINGS WITH BERGSTEN. BOTH SUPPORTED VIEW THAT REACTIVATION OF THE SUSPENDED LOANS SHOULD NOT TAKE PLACE UNTIL VIETNAM HAS MET ALL ITS OBLIGATIONS. LIKE YOSHIDA, HOWEVER, THEY ARGUED THAT ONCE THE OBLIGATIONS HAVE BEEN MET, THE ADB SHOULD TREAT VIETNAM AS ANY OTHER MEMBER.

7. COMMENT: THERE SEEMS TO BE A GENERAL CONSENSUS AMONG ADB MEMBERS THAT THE BANK IS AN EFFECTIVE WELL MANAGED INSTITUTION, BUT THAT IT SHOULD BECOME SOMEWHAT MORE FLEXIBLE SO THAT IT CAN ADDRESS MORE DIRECTLY THE BASIC HUMAN NEEDS OF THE POOREST PEOPLE OF THE REGION. THIS WAS EVIDENT IN THE GOVERNORS' SUPPORT FOR THE BANKS RURAL DEVELOPMENT PROGRAMS AND THEIR CALLS FOR INCREASED LOCAL COST FINANCING. MOREOVER, THE ADB SEEMS TO HAVE SUFFICIENT SELF CONFIDENCE TO ENABLE IT TO UNDERTAKE SOME NEW DEPARTURES. BORG

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEVELOPMENT BANKS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VIENNA03985
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780180-0490
Format: TEL
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978047/aaaaafvh.tel
Line Count: 248
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2eab61b2-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 VIENNA 3789, 78 VIENNA 3969, 78 VIENNA 3968
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3007570
Secure: OPEN
Status: NATIVE
Subject: ASIAN DEVELOPMENT BANK ANNUAL MEETING
TAGS: EGEN, EAID, IN, ADB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2eab61b2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014